

Are DCC steps to ban rickshaw manufacturing justified?

By Nasreen Khundker

Dhaka has acquired a new look which didn't escape the notice of city-dwellers. Most pavements are now free of obstructions, to the convenience of pedestrians. The City is also cleaner, thanks to the painstaking efforts of the City Corporation. Understandably, the concerned authorities are happy and proud. This new effort of beautifying the city follows previous such efforts of evicting the slum dwellers. This time, the target is being achieved by imposing restrictions on the activities of hawkers and vendors, though a few of them are still to be seen, furtively doing business on road sides.

The purpose of article is to analyse steps taken by the city authorities including ban on rickshaw manufacturing in the Dhaka City, in order to relieve traffic congestion. I hope to take an objective and dispassionate stance, as befitting a professional economist interested only in development theory and practice. This is despite the fact that I have been affected by TV images such as that of an elderly woman being carried off in a police van for "illegal trafficking" in flowers! I should also mention that action such as banning rickshaws has been taken in other developing countries, viz, Indonesia. Bangladesh therefore is not a unique example of such laws.

Adam Smith, the greatest proponent of laissez-faire economics had argued that the 'propensity to barter and exchange' is a natural propensity in human beings. Whether it is natural or out of necessity that such a propensity arises, is debatable. Of course, Adam Smith did not consider the question whether barter or exchange is permissible on public lands, or whether it should be confined only to privately owned/rented premises. So

again I cannot quarrel with the city authorities on any legal or moralistic grounds.

However, let's examine the effects of these measures on a poor economy like ours. Hawkers, vendors, rickshaw-pullers and those engaged in petty trade, services or manufacturing are part of what economists term the 'informal sector'. In most developing economies, they constitute bulk of the urban labour force. In Bangladesh until '89, they comprised at least 60 per cent of the urban labour force. The term 'informal sector' was first coined in the ILO Kenya Report, in which the contribution of this sector to the economies of developing countries was first officially discussed. Being an important segment of the urban economy, there are at least several ways in which a restriction on informal sector activities can hurt the economy. The most obvious effect is in terms of increased unemployment and a reduction of earnings of the labour force in this sector. Most of the informal sector consists of those who are self-employed. They carry on their activities with very little working capital and virtually no fixed capital. Such self-employment can also be a source of capital accumulation since there is evidence to suggest that at least some of these enterprises graduate to bigger and more permanent units. This is especially true of manufacturing establishments.

Generation of self employment is a very important factor to be considered in an economy

where the 'formal', organised or modern sector is so small, that it cannot absorb the surplus labour from rural areas or the natural increase in the urban population. Most of the informal labour force also lack in skills or credentials to find jobs in large to medium industries or in the modern service sector. They are thus part of a labour market, segmented by various types of worker characteristics and other restrictions on entry.

It should also be noted that a ban or restriction on informal activities does not only create immediate unemployment and loss of earnings of workers, with dire consequences for them and their families living in urban areas (5 lac people have been affected by some estimates), it also causes a decline of remittances from urban to rural areas. Several studies of slum dwellers show that informal sector workers regularly remit to their dependents living in rural areas. These remittances enable them to accumulate assets particularly land in their village homes. So, earnings in rural areas will also decline by imposing a restriction on economic activities in urban areas. It should be obvious to the reader that such policy-induced creation of unemployment and reduction of earnings cannot be consistent with a strategy of poverty alleviation. In fact, it negates measures taken on this count. This inconsistency in the stated objective of the Third Five Year Plan and actual policy

as it is being implemented, should have drawn the attention of planners.

A further effect of restricting informal sector activities is also obvious, but only with a little further analysis. The products sold by vendors and hawkers are substantially cheaper and cater to the needs of poorer urban consumers, both in the informal sector and those engaged in other occupations. Here, small-scale activities can provide cheaper goods and services both because of very small profit margins and also because of their 'floating' nature, allowing them to economise on rents, structures, cost of utilities, etc. Thus from the standpoint of consumers, absence of these small retailers directly reduces their real income, making them poorer. This again is not consistent with a strategy of poverty alleviation.

There is however, a more disastrous effect. The products sold by hawkers and vendors are often produced by small enterprises located in various parts of the city and its outskirts e.g. Kaittoli, Islambagh, Jinjira and other areas. These enterprises make use of wastes from large industries and recycled, scrap material to produce cheaper quality products which will not be sold by established retail shops, catering to middle-income or rich customers. Hawkers/vendors are therefore, a very important retail outlet for these smaller enterprises. If this is restricted, the demand for

small industry products will decline, who will in turn be forced to cut back production and retrench workers. This measure of the city authorities is therefore not only inconsistent with a strategy of poverty alleviation, but also that of promotion of small industries. The latter, it ought to be mentioned, is another objective laid down in the Third Five Year Plan. While smaller enterprises will thus be affected, larger industries will also suffer to the extent that some percentage of their products are marketed through vendors and hawkers. It should also be mentioned that availability of cheap consumption goods reduces wage costs for the formal sector. An example will make this clear. Workers in garments industries for instance, will buy from pavements, rather than established shops. If the former alternative is not available, they will be forced to pay more for their purchases. This should put an upward pressure on their wages. Some have therefore argued that there is a 'functional' relationship between the formal and informal sectors in developing economies.

The arguments in favour of the recent bans and restrictions have not been coherently expressed, but they run along the lines that various types of informal activities cause obstruction footpaths and in the case of rickshaws, lead to traffic congestion. Even if these allegations are true, the solution does not lie in

a ban on these activities. Controlling crime calls for strengthening or restructuring of the police force, not restrictions on trade. Rickshaws cause traffic congestion because city roads are not designed to accommodate them. Where special lanes exist, they are extremely badly maintained. It should be noted that traffic congestion is also caused by imported, luxury heavy vehicles more suited to inter-state highways in the USA, for which they were designed.

Rickshaws are a cheap mode of transports. One million engaged in rickshaw-pulling in the City. Urban planners should take up the employment issue as a real challenge in road design, making sure that pavements can also provide space for small scale commercial activities, and in general make sure that the city can provide workspace for small manufacturing and trading activities.

The City is both for the rich and the poor which should not be forgotten at the time of allocation for expenditure. Until this is a reality, we may have to accept a little bit of ugliness for more important issues such as employment and income generation. The city can be made more beautiful in other ways such as regular garbage disposal, proper drainage and paying more attention to by-lanes riddled with pot-holes. A final question which may be addressed to our zealous authorities is: To what extent are these measures taken to restrict vendors, sustainable? Or do they intend to add periodic eviction of vendors to their favoured pasture of periodically evicting slum dwellers? I would really like to know.

(The author is Assistant Professor, Department of Economics, University of Dhaka.)

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 23.10.93

Berth No	Name of Vessels	Cargo L Port	Local Call	Agent	Date of Arrival	Date of Leaving
J/1	Reda Allah	Sugar (P)	Samp	MSA	18/10	23/10
J/3	Jin Jiang	Sugar (BSPIC)	XIUY	OWSL	22/10	03/11
J/4	Alam Tabah	Wheat/Pulses	Sing	MSA	12/10	24/10
J/5	Vishva Karuna	R Seed	Chin	Litmond	30/8	26/10
J/8	Lowkaw	Timber	GI	MTA	22/10	25/10
J/9	Qing He Cheng	S Hail	SITT	BDSHIP	20/10	25/10
J/10	Rafah	M Seed	Jybo	Dynamic	18/10	27/10
J/11	Fridrich Engels	MOP (P)	Pire	EOSL	01/10	27/10
J/12	Boris Gorbato	Salt (TCB)	Kand	GEL	18/10	28/10
J/13	Vishva Machury	Salt (TCB)	Tuti	UMAL	20/10	25/10
MPB/2	Lanka Mahapola	Cont	Mong	Baridhi	21/10	23/10
CCJ	Al Shams	Repair	Mong	K Town	02/10	26/10
TSP	Frontis	R.Phos	Anna	TSLL	15/10	24/10
RM/4	Ronjay Victory	Cement	Sing	PSAL	15/10	26/10
DDJ	Dolores	—	—	Seacom	R/A	30/10
DD	Al Salma	Repair	Yang	ASLL	28/9	30/10
DDJ/1	Banglar Asha	Repair	—	BSC	R/A	30/10
RM/9	Banglar Kakoli	Repair	Cal	BSC	18/10	02/11
CUFJ	Samudra Samrat	Repair	Kand	SSL	25/8	28/10

VESSELS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port	Cargo Agent	Loading	Port
Taganrogskiy Zaliv	23/10	Mong	OWSL	—	Seaports
Andavia	24/10	Shan	Seacom	Sugar	—
Banglar Robi 12/10	24/10	Mong	BSC	Cont	Sing
Margaretha	24/10	Dani	Prog	P Equip & Mater	—
Meng Kiat 25/9	24/10	Cal	AML	Cont	Sing
Knud Jespersen	25/10	Sing	CT	Cont	Sing
Andrian	25/10	Sing	CT	Cont	Sing
Goncharov 17/10	26/10	Sing	CT	Cont	Sing
Zara	26/10	Otha	CLA	GI	—
Sea Nymph	27/10	—	USTC	Cement	—
Virginia	27/10	—	GEL	TSP (P)	—
Ingenuity 16/10	27/10	Col	BTSA	Cont	Col
Imke Wehr 17/10	27/10	Sing	APL (B)	Cont	USA Fe
Fong Yun 17/10	27/10	Sing	BDSHIP	Cont	Sing
Kamaleverett	28/10	Sing	EBPL	GI	Japa Fe
Dafu 21/10	28/10	Sing	RSL	Cont	Cal
Petr Starostin 17/10	28/10	Sing	CT	Cont	Sing
Saad	28/10	—	SSL	GL	Abbas
NGS Ranger 18/10	28/10	Sing	BDSHIP	Cont	Sing
Sheng Yuan	28/10	—	Seacom	UREA	—
Optima 19/10	29/10	—	RSL	Cont	Sing
Meng Lee 19/10	29/10	—	AML	Cont	Sing
Banglar Monti 20/10	29/10	Sing	BSC	Cont	Sing
Nour (E/1) 27/9	30/10	—	LTL	—	Sudan/Suez
Loyal Bird	30/10	Mong	Litmond	—	—
Sea Tradition	30/10	—	Repair AML	—	East African
Safar	02/11	—	ASLL	Cement	—
Golden Chase	04/11	—	OWSL	TSP	—

TANKER DUE

Vessel Name	Date	Agent	Cargo
Leonidas	23/10	BSL	C Oil
Zakharly Palishvili	28/10	Seacom	CDSO
Ajon	26/10	CT	—

AT KUTUBDIA

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
None				

VESSELS AT KUTUBDIA

None				
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VESSELS READY

Vessel Name	Cargo	Last Port	Local Agent	Date of Arrival
Indian Valour	Salt (TCB)	Kand	IND	20/10
Iran Elham	—	Mong	OWSL	21/10
Eponyma	Cont	Sing	CTS	22/10

VESSELS AWAITING INSTRUCTION

Vessel Name	Agent	Date
Banglar Jyoti	BSC	R/A
Banglar Shourabh	BSC	R/A

MOVEMENT OF VESSELS FOR 24.10.93 & 25.10.93

OUTGOING	INCOMING	SHIFTING
24/10		
J/4 Alam Tabah	TSP United Spirit	DOJ Dolores to RM-8
TSP Frontis	J/2 Nearchos	
J/5 Rafah	NB L Valour	
	J/4/6 Margarita	
25/10		
J/8 Lowkaw	MPB-2 B. Robi	J/12 Boris to J/8
J/9 QH Cheng	J/9 Meng Kiat	
J/2 Nearchos	MPB-2 K Jespersen	
J/6 Rafah	NB Andavia	
	DOJ B. Shourabh	
	J/6 V. Madhury	
	J/1 Chinties Navy SHP	

The above were the Saturday's shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Scheduled banks position

Statement of position of scheduled banks as at the close of business on October 7, 93.

1. DEMAND LIABILITIES IN BANGLADESH TAKA IN UNIT		
i.	Deposits (General)	544,57,74,000
ii.	Deposits From Banks	197,53,19,000
iii.	Borrowings From Banks	68,50,00,000
iv.	Borrowings From Non-Banking Financial Institutions	000
v.	Other Demand Liabilities	1228,15,19,000
2. TIME LIABILITIES IN BANGLADESH		
i.	Deposits (General)	21941,61,63,000
ii.	Deposits From Banks	340,35,60,000
iii.	Borrowing From Banks	000
iv.	Other Time Liabilities	1382,73,30,000
3. BORROWINGS FROM BANGLADESH BANK		
i.	Against Usance Bills	000
ii.	Against Promissory Notes	195,00,00,000
iii.	Against Approved Securities	000
iv.	Other Borrowings	2503,95,90,000
4. CASH IN BANGLADESH		
i.	Bangladesh Notes	359,09,26,000
ii.	Bangladesh Taka Coins	8,29,33,000
iii.	Bangladesh Subsidiary Coins	48,000
5. BALANCES WITH THE BANGLADESH BANK		
i.	Principal Office	3903,58,59,000
ii.	Other Offices & Branches	76,42,11,000
6. BALANCES WITH OTHER BANKS IN CURRENT ACCOUNT IN BANGLADESH		163,41,70,000
7. MONEY AT CALL & SHORT NOTICE IN BANGLADESH		460,61,78,000
8. INVESTMENTS (AT BOOK VALUE) IN BANGLADESH		5910,31,49,000
9. CREDIT PROVIDED IN BANGLADESH		
* 1.	Advances Except those to other Banks	25582,00,19,000
ii.	Advances to Other Banks	000
iii.	Inland Bills Purchased and Discounted in Bangladesh	120,23,80,000
iv.	Foreign Bills Purchased and Discounted in Bangladesh	676,97,33,000
v.	Inland Bills Sold to or Rediscouted with the Bangladesh Bank Not Yet Matured and not included in (iii) Above	000
vi.	Foreign Bills Sold to or Rediscouted with the Bangladesh Bank Not Yet Matured & Not included in (iv) Above	000

* Figure Shown in column no 9(i) above includes foreign currency loans of Tk 190,58,54,000.

Source: Bangladesh Bank press release.

Clinton allocates \$140m to shift military tech toward commercial use

WASHINGTON, Oct 24: President Clinton yesterday announced the first wave of grants for projects designed to shift military technology toward commercial use and spur job growth in the depressed defence industry, reports Reuter.

Clinton allocated 140 million dollar toward 41 projects. Many of them are in the northeast, but most are in hard-hit California, where the president has come under fire for failing to ignite economic growth in a politically crucial state struggling to cope with defence cutbacks.

The projects range from using sophisticated warship radar to track bad weather systems at civilian airports to developing explosive bolts for emergency rescue teams that will free traffic accident victims faster from tangled wreckage.

The 41 projects were picked by government agencies from 2,850 proposals that were submitted, requesting 8.5 bil-

lion dollar, after the president announced his so-called technology reinvestment project in March and set up a telephone hotline.

Clinton said another 332 million dollar in projects will be announced in November. "This is real security," he told an event attended by selected project participants. "We are using the technological know-how that helped America win the cold war to create a brighter future for our country and its workers."

Under the rules, the government agreed to provide federal matching funds for private money used in each project, but the final amount in taxpayer money to awarded is subject to negotiation.

It was unclear how many new jobs would be created by the initiative. After the event, Clinton immediately held a number of interviews with California radio stations to spread the word.

Sanctions on Iraq must be maintained, say US, Turkey

WASHINGTON, Oct 24: The United States and Turkey said international sanctions against Iraq must be maintained despite the damage to Turkey's economy from the trade embargo with Baghdad, reports Reuter.

The White House issued a joint U.S-Turkish statement that followed up on an October 15 meeting between President Clinton and Turkish Prime Minister Tansu Ciller.

NATO member Turkey was Iraq's largest trading partner before the Gulf crisis and has lost an estimated 300 million dollar a year in transit fees since it closed twin Iraqi oil export pipelines across its territory in August 1990.

In her meeting with Clinton, Ciller appealed for help on ways to offset the losses to Ankara's economy. Clinton said he wanted to help but without spending U.S tax dollar.

The statement made clear the United States was willing to do nothing more than "continue speedy discussion at both political and expert levels."

UN report reveals Number of poor in Asian cities rises despite economic growth

BANGKOK, Oct 24: The number of poor in many Asian cities has increased during the region's rapid economic growth of recent years, according to a United Nations report, says AP.

"In many of Asia's largest cities, between one and three-quarters of all households reside in slum and squatter settlements," said a UN statement summarising the report. It added that 60 per cent of Asia's urban population will be living in squalor by the turn of the century unless drastic reforms are undertaken.

The UN Economic and Social Commission for Asia and the Pacific conducted the study and plans to present it at a meeting of Asian government ministers in Bangkok on November 1 and 2.

It notes persistent urban poverty even in the highest-income countries. In Seoul for instance, many still make a living from refuse dumps. From 1970 to 1986, when the South Korean capital's per capita income rose rapidly, the officially

acknowledged percentage of families living in substandard housing remained at 17 per cent, it said.

Half the population of Bombay, India, lives in slums, according to the report, and more than two million people in Hong Kong are suffering deteriorating health conditions due to pollution.

"The incidence of urban absolute poverty actually increased between the late 1970s and late 1980s in nine out of 10 countries surveyed, even as overall wealth expanded," said the statement, received Sunday.

Child labor is among urban poverty's most disturbing features. The report says the number of prostitutes under 12 years old is increasing in Thailand. A fourth of Indian workers are children under 14 years of age who do everything from brick-making to weaving luxury carpets.

Another UN summary of the report said Asia's urban population, estimated at 991 million

in 1990, could swell to 2.44 billion — 95 per cent of the world population — by the year 2020.

Most of this increase will be in low-income countries least able to cope: China, India, Pakistan and Bangladesh.

The report calls the demographic shifts "the most dramatic ever witnessed by the world, in contrast to earlier views, it is thought to be unstoppable."

The statement said economic development and the related transition from agriculture to industry inevitably causes cities to grow. Also, there is now evidence that city growth cannot be restrained. All previous attempts, including rural development projects have achieved little, the statement said.

The report proposed a shift in policy to facilitating rather than restraining urbanisation. This, it said, would make it easier to resolve the many serious problems in the cities, including slum growth, overcrowding and environmental degradation.

Bonn helps Dhaka gain access to Euro markets

Bangladesh's exports to Germany are poised for further growth in 1993, drawing support from the German government's export promotion programmes for that country and a growing demand for its clothing and textiles.

Germany is one of the most important trading partners of Bangladesh and bilateral trade has been steadily growing during the past few years. From an exporter of predominantly raw jute, jute products and basketware, Bangladesh grew within a short time as a leading South Asian supplier of clothing and textiles to the German market.

Its exports of clothing and textiles to Germany more than doubled since 1989 to 305.9 million DM in 1992. Clothing and textiles accounted for as much as 90 per cent of Bangladesh's exports to Germany in 1992 in spite of a marginal decline in their exports.

Bangladesh's exporters and trade promotion officials who participated in the Autumn show of the International Menswear Fair '93 in Cologne say they are confident that this negative trend would be reversed in 1993 and clothing exports would return to normal growth levels.

They based their optimism on the growing demand for Bangladesh's cotton and silk clothing and textiles among the European trade visitors at the Menswear Fair, one of the world's leading trade fairs for men's clothing, casualwear and young fashions. Bangladesh's Spring/Summer 1994 garment collections presented by half a dozen exporters evoked good response from the trade visitors and fetched them a number of export orders and inquiries.

Last year's four per cent

decline in Bangladesh's garments and textiles exports to Germany comes after a remarkable growth in their sales in 1991 when they went up by about 70 per cent. This was largely because of the "backlog" demand for those items in the five new German states following the country's unification in October, 1990. Trade analysts said the decline during the past few years was due to the levelling off of the demand in the new German states and also due to the adverse impact of the recession in Europe. However, sales have picked up again in early 1993 and the trend for the rest of the year was positive.

Bangladesh's total exports to Germany in 1992 dropped by 4.6 per cent to 337.6 million DM while its German imports declined by five per cent to 157.3 million DM. Bangladesh's surplus in bilateral trade also fell by 8.4 million to 180.3 million DM.

Food items, especially sea food, ranked as the second main Bangladeshi imports into Germany with a share of seven per cent and they decreased by 21 per cent to 22.5 million DM. Shoes and other leather products, raw jute, jute products and handicrafts were the other import items from Bangladesh.

Chemicals and Chemical products dominated Bangladesh